



Legislative Audit Division

State of Montana

Report to the Legislature

November 2003

Performance Audit

Examination of Coordination and Potential Consolidation of WIA and TANF Employment and Training Programs

Workforce Investment Act (WIA)
Workforce Services Division
Department of Labor and Industry

Temporary Assistance for Needy Families (TANF)
Human and Community Services Division
Department of Public Health and Human Services

This audit concludes on coordination of WIA and TANF employment and training programs. We found a system is in place for WIA to coordinate its employment and training activities and TANF has been included within this system. The report recommends administration of TANF's Employment and Training Program remain within the Department of Public Health and Human Services.

**Direct comments/inquiries to:
Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705**

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Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, political science, criminal justice, logistics, computer science, and engineering.

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Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

November 2003

The Legislative Audit Committee
of the Montana State Legislature:

This performance audit examined the coordination of employment and training related to the Workforce Investment Act (WIA) and Temporary Assistance for Needy Families (TANF) programs. The audit evaluated the need and feasibility of consolidating these programs within a single state agency. The audit found the system in place to coordinate employment and training programs is working. The audit also recommended WIA and TANF employment and training programs not be consolidated within a single agency.

We wish to express our appreciation to personnel from the Department of Labor and Industry, the Department of Public Health and Human Services, and local WIA and WoRC service providers for their cooperation and assistance during the audit.

Respectfully submitted,

Signature on File

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit

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**Workforce Investment Act (WIA)
Workforce Services Division, Department of Labor and Industry**

**Temporary Assistance for Needy Families (TANF)
Human and Community Services Division, Department of Public
Health and Human Services**

Members of the audit staff involved in this audit were Joe Murray and Mike Wingard.

Table of Contents

List of Figures and Tables	iii
Appointed and Administrative Officials	iv
Report Summary	S-1
Chapter I - Introduction.....	1
Introduction	1
Audit Objectives.....	1
Compliance.....	1
Report Organization.....	1
Chapter II - The Employment and Training System.....	3
Introduction	3
The Workforce Investment Act.....	3
The Employment and Training System.....	5
Montana's Service Delivery System	5
Some Communities Have One-Stop Service Centers.....	6
Employment and Training Administration Occurs at the State and Local Levels.....	6
State Workforce Investment Board.....	6
Department of Labor and Industry.....	7
Local Workforce Investment Areas	7
Montana Job Training Partnership, Inc.	8
Community Management Teams.....	8
WIA Employment and Training Programs are Coordinated.....	8
Day-To-Day Coordination Occurs at the Local Level.....	9
Communities are Coordinating Employment and Training Programs.....	9
Outlying Areas Have Access to Programs.....	10
Summary: Coordination of WIA Employment and Training Programs is Occurring.....	11
WoRC Readiness Component Program.....	11
WoRC Components Focus on Social Services.....	12
The WoRC Program Was Not Included in WIA's Employment and Training System	14
Montana Has Taken Measures to Include WIA in the System	15
2001 Legislation Requires Coordination Between DPHHS and DLI Programs.....	15
An Interagency Cooperative Agreement was Established.....	15
WoRC Program Represented on Local Community Management Teams and Business Plans	16
File Reviews Indicate Coordination is Occurring	16
Summary: The WoRC Program is Part of the Employment and Training System	17
Management Memorandum.....	17
Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry.....	19
Introduction	19
Coordination Between Programs is Good but Referrals Between Programs are Limited.....	20

Table of Contents

Is the WoRC Program Administered by the Appropriate Agency?.....	20
How Do WIA and WoRC Service Outcomes Compare?	21
WIA Clients are Generally More Employable Prior to Obtaining Services	23
WIA and WoRC Cases Are Actively Managed	23
Summary: WoRC Should Remain at DPHHS.....	24
Appendix A - Audit Approach.....	A-1
Audit Scope and Methodology	A-1
File Reviews and Follow-Up Interviews.....	A-1
Criteria	A-2
Appendix B - Issues for Further Study	B-1
Potential Issues for Further Study	B-1
Workforce Training Grant Program.....	B-1
Impact of TANF Recipients Reaching Lifetime Benefits	B-1
Department Responses.....	C-1
Office of the Governor	C-3
Montana Department of Labor & Industry.....	C-5
Montana Department of Health and Human Services	C-7

List of Figures and Tables

Figure 1	Report Organization.....	2
Table 1	WIA and WoRC Employment & Training Services Outcomes January through March 2002	22

Appointed and Administrative Officials

Department of Labor and Industry

Wendy Keating, Commissioner
Ingrid Childress, Workforce Services Division Administrator
Gary Warren, Statewide Workforce Programs Bureau Chief

Department of Public Health and Human Services

Gail Gray, Director
Hank Hudson, Human and Community Services Division
Administrator

Introduction

The Legislative Audit Committee requested a performance audit of the coordination of the state's employment and training programs. These programs assist individuals in finding employment or provide training to improve job skills that will make them more employable. In recent years, increased emphasis has been placed on coordination of services provided by these programs. Congress passed the Workforce Investment Act which required states to improve coordination of certain federally funded employment and training programs. In 2001, the Montana Legislature enacted legislation that requires coordination between employment and training programs administered by the Department of Labor and Industry (DLI) and the Department of Public Health and Human Services (DPHHS).

The Workforce Investment Act

The Workforce Investment Act (WIA) became effective July 1, 2000 and replaced the Job Training Partnership Act as the primary federally funded employment and training program. WIA consolidated several federal employment and training programs and made them "mandatory partners" in the newly reformed system in an effort to improve coordination of services among the programs. The intention of consolidating these programs within the WIA system was to make it easier for individuals and businesses to access job training information and services. Administration of WIA's employment and training system occurs at both the state and local levels. General program oversight is performed at the state level and is the responsibility of the DLI. In addition, the State Workforce Investment Board advises the governor on overall administration of WIA activities. Program services are provided and monitored at the local level. Local entities involved in these functions include local workforce investment areas, the Montana Job Training Partnership, Inc., and Community Management Teams.

WoRC Readiness Component Program

The federally funded Temporary Assistance for Needy Families (TANF) block grant funds public assistance programs for needy families. TANF was created as part of welfare reform in 1996 through passage of the Personal Responsibility and Work Opportunities Reconciliation Act. The DPHHS administers Montana's TANF program. In Montana, employment and training

Report Summary

services are provided to TANF recipients through the Work Readiness Component (WoRC) program. The WoRC program is geared towards helping families become self-supporting and less reliant on public assistance. This is achieved through intensive case management services to TANF participants that focus on reducing participant barriers to employment. The primary goal of the program is for participants to obtain any type of employment. The program's general philosophy is families will become self-supporting if training, education, employment, and supportive services are provided.

WIA and WoRC Employment and Training Services are Coordinated

Our first audit objective was to determine how effectively WIA and WoRC employment and training services are coordinated in the state. Audit testing shows the employment and training system provides a mechanism to ensure the WIA and WoRC programs are coordinated. Several audit conclusions were made related to WIA and WoRC employment and training services. Each conclusion is summarized below:

- ▶ A system is in place for WIA to coordinate its employment and training programs. Coordination is accomplished through a variety of ways including Community Management Teams and one-stop service centers. The system also ensures coordination of services to outlying areas.
- ▶ The WoRC program is both a social service and an employment and training program. WoRC activities can be divided into four main components including basic education, soft skills training, family strengthening, and work experience. Audit work found the majority (24 of 25 files reviewed) of WoRC participants were referred to work experience or job search providers and also received social service assistance. Social services included assistance to address issues such as chemical dependency, mental health/medical needs, family problems, and limited education.
- ▶ Congress did not mandate the WoRC program to be part of WIA's employment and training system. However, the DLI, DPHHS, and local communities have taken measures to ensure the WoRC program is included with this system and that coordination occurs with WIA's employment and training programs.

The WoRC Program Should Remain Within DPHHS

Senate Bill 469 (Chapter 343) passed by the 2001 Legislature authorizes the governor to transfer, by executive order, DPHHS employment and training programs to DLI if coordination between their employment and training programs needs improvement. Our second audit objective evaluated the need and feasibility for WIA and WoRC employment and training services to be integrated within a single agency. Specifically, we evaluated whether administration of the WoRC program should be moved to DLI. To transfer the program, we determined three conditions needed to exist:

- ▶ Significant problems in coordination between WoRC and other employment and training programs, which would indicate a need for better communication and cooperation.
- ▶ High numbers of referrals between WoRC and other employment and training (i.e. WIA) programs that would indicate necessary services are at DLI.
- ▶ Program mission and objectives that do not relate to the department's, which would be an indication the WoRC program is not currently administered by the appropriate agency.

Our review found coordination between the WIA and WoRC programs was good. We also noted the number of participants referred between the programs was limited. And, because the WoRC program is also a social service program with an employment and training component, the program is a better fit within DPHHS rather than DLI. Since none of the three conditions existed indicating the WoRC program should be transferred to DLI, we recommended the governor keep administration of the WoRC program within DPHHS.

Chapter I - Introduction

Introduction

The Legislative Audit Committee requested a performance audit of the coordination of the state's employment and training programs. These programs assist individuals to find employment or provide training to improve job skills that will make them more employable. In recent years, increased emphasis has been placed on coordination of services provided by these programs. Congress passed the Workforce Investment Act (WIA) in 1998, which required states to improve coordination of certain federally funded employment and training programs. In 2001, the Montana Legislature enacted legislation that requires coordination between employment and training programs administered by the Department of Labor and Industry (DLI) and the Department of Public Health and Human Services (DPHHS).

Audit Objectives

Our audit examined coordination of services within Montana's employment and training system. Audit work included reviewing WIA programs administered by DLI and DPHHS employment and training programs provided through the Work Readiness Component (WoRC) of the Temporary Assistance for Needy Families program. The performance audit objectives were:

1. Determine how effectively WIA and WoRC employment and training services are coordinated in the state.
2. Determine the need and feasibility for WIA and WoRC employment and training programs to be integrated within a single agency.

Compliance

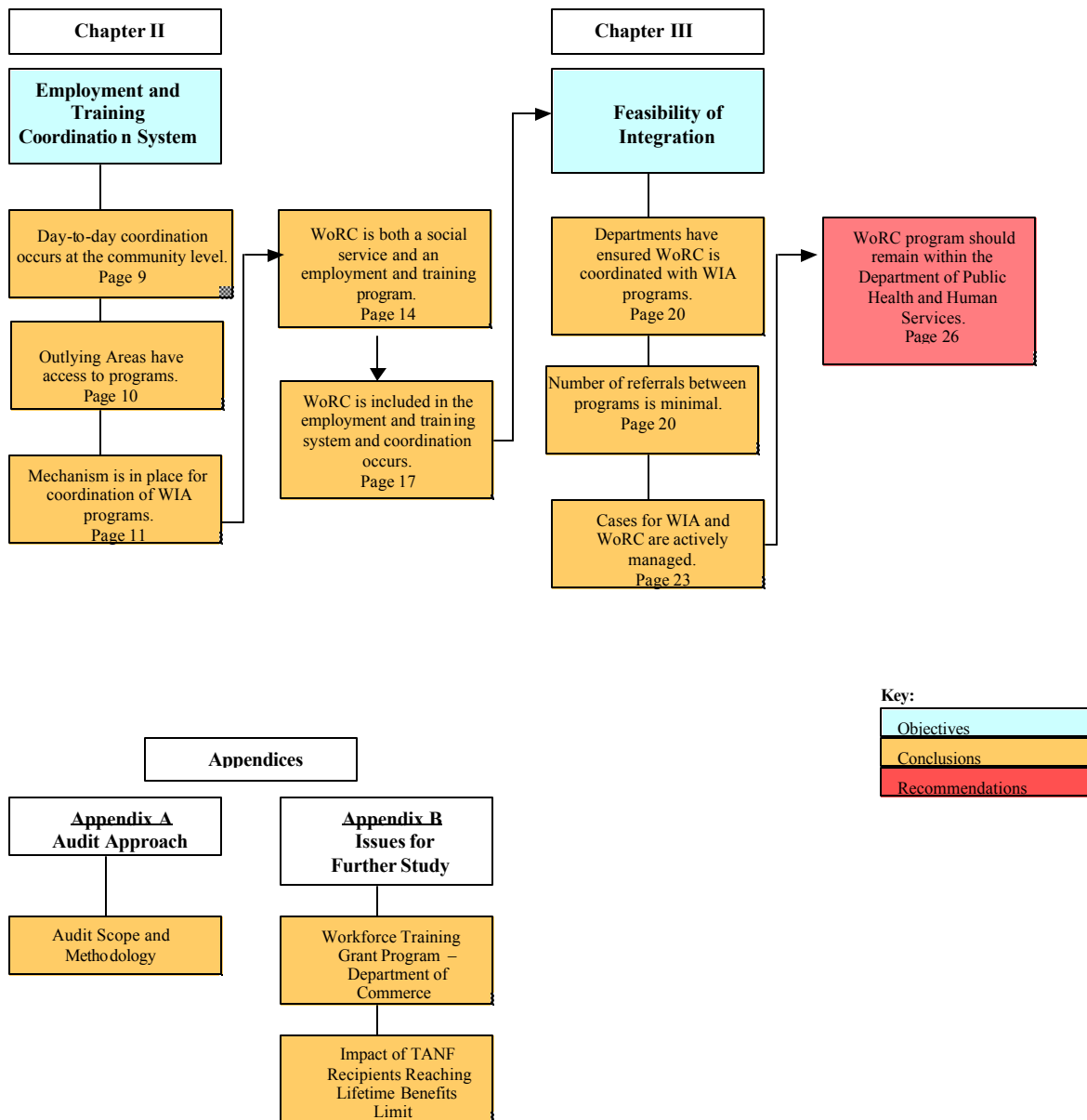
We reviewed compliance with federal and state laws and rules related to coordination and integration of services for WoRC and WIA employment and training activities. We found DLI and DPHHS were in compliance with these laws and rules.

Report Organization

The following figure illustrates the organization of the remainder of the report.

Chapter I - Introduction

Figure 1
Report Organization



Source: Compiled by the Legislative Audit Division.

Chapter II - The Employment and Training System

Introduction

Employment and training programs provide assistance to individuals in finding employment or upgrading their skills to make them more employable. According to officials from the Department of Labor and Industry (DLI) and Department of Public Health and Human Services (DPHHS), the more commonly used employment and training programs are generally affiliated with the Workforce Investment Act (WIA) and the Work Readiness Component (WoRC) of the Temporary Assistance for Needy Families (TANF) Program. This chapter provides general background information on the employment and training system, the role the WIA and WoRC programs play, and our conclusions regarding how well system services are coordinated.

The Workforce Investment Act (WIA)

Prior to 2000, individuals had two basic options for obtaining employment and training services. One option was to go to the local Job Service Office for job search and job training services. The other option was the County Office of Public Assistance for public assistance services and related job training services. A system was not in place that assured coordination would occur between local service providers or programs that provided employment and training services. To address this, Congress created the Workforce Investment Act (WIA) that became effective July 1, 2000 and replaced the Job Training Partnership Act as the primary federally funded employment and training program.

The overall purpose of WIA was to reform federal job training programs and create a new, comprehensive employment and training system. WIA consolidated several federal employment and training programs and made them “mandatory partners” in the newly reformed system in an effort to improve coordination of services among the programs. The following provides examples of WIA’s mandatory partners, a brief description of the services provided, and number of individuals served in Montana.

- ▶ Adult Services - This program provides employment and training services to unemployed adults over 18 years of age.

Chapter II - The Employment and Training System

Individuals who obtain services through this program are unable to gain employment through “core” employment services, like job search and placement assistance, available through local service providers such as local Job Service Offices. Adult services provide “intensive” employment and training services such as occupational skills training, entrepreneurial training, and educational activities. In fiscal years 2001-02 and 2002-03 this program provided services to over 1,700 individuals.

- ▶ Dislocated Worker Services - Dislocated worker services provide employment and training similar to adult services. However, this program targets workers who were laid off from their job or received notice of layoff and are unlikely to return to that occupation. Approximately 5,251 individuals obtained Dislocated Worker Services during the last two years.
- ▶ Wagner-Peyser Services - Wagner-Peyser is the federal legislation authorizing federal funding to operate local Job Service Offices. Job Service Offices offer labor exchange activities by bringing together employers and job seekers, offering basic training services to individuals, and coordinating individuals with providers who can offer more intensive training services in order to make an individual more employable. Just under 165,000 people used these services statewide during the last two fiscal years.
- ▶ Youth Programs Services - Youth programs provide employment and training services to low-income youths between the ages of 14 and 21 who have one of the following conditions: deficient in basic literacy skills; a school dropout; homeless, runaway, or a foster child; pregnant or a parent; an offender; or a need for assistance to secure employment or complete their education. A total of 1,809 youths were provided services during fiscal years 2001-02 through 2002-03.
- ▶ Job Corp Services - The Job Corp provides education and job training for economically disadvantaged youths between the ages of 16 and 24. The program provides academic, vocational, and social skills training to help them gain independence and long-term employment. During fiscal years 2001-02 through 2002-03, the Job Corp served approximately 469 youths.
- ▶ Veteran Workforce Services - These services help veterans obtain employment and develop the job search skills they need to become employed. All veterans with service-related disabilities, who have significant barriers to employment, or served on active duty during a war, are eligible. In the last two

Chapter II - The Employment and Training System

years, 2,000 veterans were provided employment-related services.

- ▶ Vocational Rehabilitation Services - Vocational rehabilitation services provide employment services to individuals of employable age with mental or physical disabilities. The goal is to help them become gainfully employed and achieve independence. The Vocational Rehabilitation Services program provided employment services to more than 15,000 people in fiscal years 2001-02 through 2002-03.

The intention of consolidating these programs within the WIA system was to make it easier for individuals and businesses to access information and services they need to obtain employment and training by improving coordination between state and local employment and training service providers.

The Employment and Training System

The Workforce Investment Act (WIA) system is based on a “one-stop” concept where, ideally, access to job training, education, and employment services is available to customers (i.e. individuals and businesses) at a central location and to provide a “seamless” system of service delivery. This means information and access to services should be available to customers regardless of which program or service provider is initially contacted. This is accomplished through collaboration of employment and training entities.

Our review found the mechanism is in place for Montana’s employment and training entities to coordinate their activities and that coordination is occurring. This is accomplished through a system network that includes both state and local components. The following sections describe Montana’s employment and training system, system partners, and their responsibilities. We also present conclusions regarding how well programs coordinate services within the employment and training system.

Montana's Service Delivery System

Montana refers to its employment and training service delivery system as JobLINC. JobLINC is the statewide coordination and collaboration of employment and training organizations and other community service providers. The goal of JobLINC is to provide

Chapter II - The Employment and Training System

streamlined access to employment and training programs and services. Each community determines the makeup of its JobLINC systems based on community needs and availability of services. Examples of organizations typically involved in JobLINC include Job Service offices, local economic development corporations, Offices of Public Assistance, Human Resource Development Councils, and Vocational Rehabilitation Services.

Some Communities Have One-Stop Service Centers

Some communities have established “certified” one-stop service centers where individuals can access job training, education, and employment services. Not all services may be available under one roof, but information about how and where to access them are available at one location. Montana currently has four certified one-stop service centers located in Billings, Butte, Cut Bank, and Wolf Point. Other communities are working towards one-stop certification. The decision to establish a one-stop service center is a community decision and is often dependent upon available office space in the community, financial resources of service providers, and willingness of providers to move to a new location. Communities that do not have certified one-stop service centers have established alternative procedures to coordinate employment and training activities among local service providers. For example, many local Job Service Offices provide space so other partner agencies can locate staff in a central location a few times each month. This provides for easier access to program services and for more efficient coordination of program activities.

Employment and Training Administration Occurs at the State and Local Levels

Administration of WIA’s employment and training system occurs at both the state and local levels. General oversight is performed at the state level. Program services and monitoring are done at the local level. The following sections briefly describe the role of each entity involved in system administration.

State Workforce Investment Board

Establishment of a State Workforce Investment Board (SWIB) was a prerequisite for states to receive funding under the WIA. Montana’s SWIB was established in 1999 and it assists and advises the governor on overall administration of WIA activities. Board membership

Chapter II - The Employment and Training System

includes the Governor, legislators, business representatives, local officials, labor organizations, and state government and local education officials. In 2000, the board completed a five-year strategic plan on how Montana will implement WIA requirements for coordination of employment and training services.

Department of Labor and Industry

The SWIB designated the Department of Labor and Industry (DLI) as the state agency responsible for overall administration of WIA's employment and training system. Department duties include:

- ▶ Setting workforce development policy.
- ▶ Providing oversight of local workforce investment boards and Montana Job Training Partnership Inc.
- ▶ Negotiating WIA performance measures with the U.S. Department of Labor (USDOL).
- ▶ Tracking and reporting WIA activities and performance measures to the USDOL.
- ▶ Working with the SWIB to identify and recommend changes or improvements to the employment and training system.

Local Workforce Investment Areas

Montana is divided into two local workforce investment areas. The Concentrated Employment Plan (CEP) is a 10 county area located in Southwest Montana. Counties making up the CEP include Lewis and Clark, Granite, Powell, Deer Lodge, Silver Bow, Beaverhead, Madison, Jefferson, Broadwater, and Meagher. The Balance-of-State (BOS) workforce investment area is comprised of the remaining 46 counties.

Local Workforce Investment Boards are the governing bodies for the CEP and BOS and are responsible for oversight of WIA employment and training programs in each area. The CEP Workforce Investment Board has 28 members and the BOS Joint Council has 38 members. Membership for both boards consists of public and private sector representatives and they meet on a quarterly basis. A ten member Council of Commissioners (made up of county commissioners) in each area determines local workforce development board

Chapter II - The Employment and Training System

membership and assists in planning and oversight of the WIA program.

Montana Job Training Partnership, Inc.

The Montana Job Training Partnership, Inc. (MJTP) is a private-nonprofit organization that performs contract duties for both Local Workforce Development Boards. Specific MJTP duties include contracting for WIA services, disbursing WIA funds to contractors, and monitoring the contractors to ensure compliance with WIA requirements. Monitoring activities include review of financial records, program activities, and attainment of performance standards. Monitoring activities also include assessing whether employment and training services among service providers are coordinated and provided in an efficient manner. If problems are identified during monitoring activities, MJTP recommends training activities, implements corrective action, or provides technical assistance to improve services. MJTP also prepares reports regarding WIA program activities and submits them to the local boards and the DLI so they remain informed regarding the activities.

Community Management Teams

Community Management Teams (CMT) were established upon passage of WIA to begin organizing local workforce development activities. There are currently 21 CMTs operating around the state. CMT membership generally consists of employment and training contractors such as Job Service offices, labor organizations, public assistance offices, mental health and chemical dependency providers, and Human Resource Development Councils and other community based organizations. The main responsibility of the CMTs is to provide channels of communication between service providers and to develop and administer the JobLINC system within their communities.

WIA Employment and Training Program Activities are Coordinated

WIA mandated states establish a system to improve coordination between employment and training programs. The previous sections described the structure of Montana's employment and training system. Through our review of client files statewide and interviews with local service providers, we determined the system creates the mechanism for coordination of WIA programs. The following

Chapter II - The Employment and Training System

sections provide further detail on how this coordination occurs within the employment and training system.

Day-To-Day Coordination Occurs at the Community Level

Day-to-day coordination between programs occurs at the community level since this is where services are provided. Community Management Teams (CMT) established the foundation for coordinating community employment and training activities, and we noted there was a good representation of local employment and training service providers on the CMTs. In all the communities we visited, the CMT provided the formal channel of communication between employment and training programs within the community. In most communities, the CMTs also developed formal business plans that outlined how employment and training services should be coordinated in the area.

CMTs generally meet on a quarterly basis and the meetings provide the opportunity for regular discussions between providers regarding their programs or any problems that need to be addressed. These meetings are also used to provide cross training to provider staff regarding each other's services and specific steps that may need to be taken when referrals are made. Audit work indicated the CMTs have also helped foster communication between program management and staff and helped improve service delivery.

Communities are Coordinating Employment and Training Programs

WIA is based upon a one-stop concept where services can be obtained in a single location. Our review found that limited financial resources and/or available locations within communities have not allowed most communities to establish one-stop shops where services are available in one location. As an alternative, information about how and where to access employment and training services has been made available at all providers in the community. For example, communities developed desktop resource guides that include information on all employment and training services available within the community. The guides are distributed to all community service providers. This allows any provider to direct someone to the service provider they need and make an appointment so the provider is ready for them upon their arrival.

Chapter II - The Employment and Training System

In addition, all communities we visited either co-locate or “hotel” services in a central location. Co-locating is when programs are located at a central site full-time. “Hotelling” services dedicate program staff to the central location for a few times a week or month. The purpose of both co-location and “hotelling” is to provide easier access to services and improve coordination between programs. For example, the Missoula Job Service co-locates 13 different employment and training programs. These include programs such as WIA Adult and Dislocated Worker programs, Wagner-Peyser services, Veteran Services, the Displaced Homemaker program, the Office of Public Assistance, and the WoRC program. The Missoula Job Service also provides “hotelling” space to Experience Works a few days per month. This program provides employment training services to individuals who are 55 years of age or older. According to Missoula Job Service officials, other space is available for other programs on an as needed basis.

We reviewed 25 WIA files for adult and dislocated workers to determine if coordination was occurring within the employment and training system. Our file review found coordination was occurring and participants were referred between programs as their services became necessary. For example, we reviewed files for one client who was receiving assistance from the Vocational Rehabilitation program due to a physical disability. When the individual expressed an interest in starting a daycare business, a referral was made to the local Job Service Office which administered WIA’s Adult Program. The Adult Program provided computer and bookkeeping training for small businesses. The program also assisted the individual with initial business advertising costs.

Outlying Areas Have Access to Programs

Audit work indicated larger communities have also established procedures to provide employment and training services to outlying areas. For example, local Job Service personnel travel to outlying communities a couple times each month. This provides citizens in rural communities direct access to their services. Computers have also been provided to some smaller communities so they have

Chapter II - The Employment and Training System

electronic access to job information and other available employment and training services. CMT's also include representatives from outlying communities in many areas. For example, the CMT for the Butte area includes representatives from most of Southwest Montana including Butte, Anaconda, Deer Lodge, and Philipsburg. This representation ensures the outlying communities have input in how services are provided to their areas.

Summary: Coordination of WIA Employment and Training Programs is Occurring

The mechanism is in place for coordination of WIA's employment and training programs. This coordination is accomplished through a variety of ways including Community Management Teams, one-stop service centers, and placing employment and training service providers in a central location. The system also creates a process to coordinate program services to outlying areas.

Conclusion

A system is in place for WIA to coordinate its employment and training programs.

WoRC Readiness Component (WoRC) Program

The federally funded Temporary Assistance for Needy Families (TANF) block grant funds public assistance programs for needy families. TANF was created as part of welfare reform in 1996 through passage of the Personal Responsibility and Work Opportunities Reconciliation Act and replaced the program called Aid to Families with Dependent Children. The Department of Public Health and Human Services (DPHHS) administers Montana's TANF program.

In Montana, employment and training services are provided to TANF recipients through the Work Readiness Component (WoRC) program. The WoRC program is geared towards helping families become self-supporting and less reliant on public assistance. This is achieved through intensive case management services to TANF participants that focus on reducing a participant's barriers to employment. The primary goal of the WoRC program is for participants to obtain any type of employment. The program's

Chapter II - The Employment and Training System

general philosophy is families will become self-supporting if training, education, employment, and supportive services are provided. The overall goals of the WoRC program include:

1. Placement and retention in unsubsidized private or public sector employment.
2. Reduce the number of families receiving TANF cash assistance.
3. Assist families in becoming self-sufficient through case management to achieve employment or other alternatives to public assistance.
4. Provide supportive services to assist participants in obtaining employment.

DPHHS contracts with employment and training service providers who provide case management services for the WoRC program. The department currently has approximately \$5.4 million in contracts around the state with various organizations including local Job Service offices, private non-profit entities, and Human Resource Development Councils. DPHHS administers the statewide WoRC program activities through on-site monitoring of these providers, and tracking statewide WoRC activities. DPHHS staff visits each WoRC contractor approximately once every six months to review their activities and ensure they are complying with contractual requirements.

WoRC Components Focus on Social Services

We reviewed 25 WoRC files to determine the types of employment training participants receive. We noted participants were referred to local providers who could provide services such as work experience or job search activities. However, in 24 of the WoRC files the participant also received social service assistance to address issues such as chemical dependency, mental health/medical needs, family problems, and limited education. Interviews with WoRC providers indicated these factors create significant barriers to employment. These issues must be resolved before participants can obtain sustained employment or can be referred to more advanced training programs, such as vocational education.

Chapter II - The Employment and Training System

Based on our file reviews, interviews with DPHHS officials and local service providers, and review of WoRC policies and procedures, WoRC can be divided into four main components. The four components are:

- ▶ Basic Education – These activities focus on improving the educational levels of participants and are used when assessments show education or literacy is a barrier to employment. Examples of basic education services provided include working towards a high school diploma (or equivalent) or providing remedial education services to upgrade a participant's job skills.
- ▶ Soft Skills – This training attempts to improve a participant's "soft skills" to help them be more successful in the work environment. These services include training on work place expectations such as proper dress, punctuality, and workplace socialization.
- ▶ Family Strengthening – The family strengthening component deals with family issues that affect a participant's ability to obtain employment. Examples of family issues include: domestic violence situations, housing problems, or family medical needs. The WoRC program provides services to address these issues in order to build a participant's capacity to handle family issues in conjunction with employment and training responsibilities. These services are generally short-term in nature and provided during the first three months in the program.
- ▶ Work Experience – These services give participants work experience through on-the-job training. The purpose is to improve a participant's work history, provide actual work experience, provide an avenue to obtain a recommendation for employment from an employer, and develop skills to balance home and work demands. Most WoRC contractors have established agreements with both public and private employers in their communities who agree to employ WoRC participants to give them work experience. Additionally, federal law currently allows participants to include services such as chemical dependency counseling as a work activity. Participants are also allowed time to seek employment or research employment fields that interest them.

Chapter II - The Employment and Training System

As noted above, three of the components (basic education, soft skills, and family strengthening) emphasize a social service perspective to address “remedial issues” many WoRC participants have. The remaining component (work experience) focuses on providing participants with work experience that can make them more employable or help them find employment. The minimum amount of time participants must spend in any combination of these activities is 30 hours per week for single parent participants and 35 hours per week for two parent family participants.

The WoRC program also assists participants with expenses to participate in WoRC employment and training services if they do not have enough money to do so. The purpose of these services is to eliminate barriers that may prevent WoRC participants from successfully completing their recommended training program. Examples of supportive services we noted during our files reviews included assistance with clothing purchases/cleaning, transportation costs, (fuel, bus fares, drivers license fees, etc), and vehicle repair expenses. WoRC policies allow the program to pay a maximum of \$1,000 per year (per case) for supportive services. Supportive services do not generally include childcare for WoRC participants. However, this expense is paid by DPHHS’ federally funded Childcare Development Fund.

Conclusion

The WoRC program is both a social service and an employment and training program.

The WoRC Program Was Not Included in WIA’s Employment and Training System

As noted earlier in the report, WIA reformed the employment and training system by consolidating several federally funded employment and training programs in order to improve coordination. Examples of federal programs consolidated within WIA included adult and dislocated worker training programs, the Job Service program, and the Vocational Rehabilitation Program. When WIA reformed the employment and training system, it did not include TANF (and the WoRC program) as a mandatory partner so federal

Chapter II - The Employment and Training System

regulations do not require the WoRC program be part of the established employment and training system. This creates a risk that program activities will not be coordinated with other system partners and services will not be provided to WoRC participants in an efficient manner.

Montana Has Taken Measures to Include WIA in the System

Even though the WoRC program is not a federally mandated partner, Montana has taken measures to integrate the WoRC program into Montana's employment and training system. Examples of measures taken include passing state legislation requiring coordination, establishing interagency cooperative agreements, and making the WoRC program part of the local CMT to ensure communication occurs with other local programs. These actions have helped ensure WoRC program services are coordinated with other system programs and local service providers. The following sections describe the steps the state has taken to include WoRC in the employment and training system.

2001 Legislation Requires Coordination Between DPHHS and DLI Programs

The 2001 Legislature recognized the importance of including the WoRC program in the system and passed Senate Bill 469 (section 53-2-111, MCA) requiring coordination between DPHHS and DLI employment and training programs. This law outlines the legislature's expectations on coordination for each agency's employment and training programs. For example, the law requires coordination to begin at the department level, department agreements be signed concerning coordination of program activities, and coordination of activities occur at the local level.

An Interagency Cooperative Agreement was Established

In June 2002, the DPHHS and DLI established an interagency cooperative agreement to improve coordination efforts of employment and training programs at the department level. This has been accomplished by DPHHS and DLI management meeting periodically to discuss coordination efforts and make changes as needed to improve coordination. The interagency agreement also requires local procedures be established to ensure coordination occurs within communities where day-to-day services are provided.

Chapter II - The Employment and Training System

WoRC Program Represented on Local Community Management Teams and Business Plans

Community Management Teams (CMTs) establish the foundation for coordinating local level employment and training programs and provide the formal channel of communication between programs within the community. Audit work found the WoRC program is represented on CMTs. Community business plans establish local procedures for coordinating employment and training programs within the community. Our evaluation of community business plans found the WoRC program was included in community procedures for coordinating programs. We also found the WoRC program was included in community desktop resource guides. In many communities, the WoRC program was either co-located or “hoteled” with local WIA program providers. For example, the Missoula Job Service is the local contractor for both the WIA and WoRC programs for the Missoula area. In situations where WoRC and WIA programs were administered by different entities, we still found coordination between programs. Furthermore, we noted WoRC and WIA programs often used the same local providers to provide services to participants. For example, in several communities both programs used the local adult learning center to provide remedial education services. This helped coordinate program service when clients were referred between employment and training programs.

File Reviews Indicate Coordination is Occurring

We reviewed 25 WoRC case files to verify case level coordination was occurring between employment and training programs. We found coordination was occurring between programs, and participants were provided with services. In cases where WoRC clients needed additional training services, we also found referrals were made to local WIA program providers who could provide the additional services. For example, we noted three instances where WoRC clients were referred to a WIA program when additional training services were needed. The three clients went on to obtain a degree from the local college of technology, employment, or both.

Our file reviews also noted good communication at the case level between WoRC and WIA providers. We noted WIA case managers generally began client assessments and development of individual employment plans in a timely manner. Case file documentation

Chapter II - The Employment and Training System

indicated WoRC and WIA program coordination was done through case manager meetings, e-mails, phone calls, and information sharing. In some cases, the WoRC and WIA programs shared the same service providers such as Job Service or Human Resource Development Councils.

Summary: The WoRC Program is Part of the Employment and Training System

The WoRC program is not a mandated partner in the employment and training system created by WIA. However, we found WoRC program activities were coordinated with other programs and it is part of the employment and training system. This was accomplished in several ways including:

- ▶ The legislature passed legislation requiring DPHHS and DLI coordinate their employment and training programs.
- ▶ DLI and DPHHS established an interagency agreement to coordinate employment and training programs.
- ▶ Co-locating or “hotelling” the WoRC program with other employment and training providers.
- ▶ Local communities developed procedures to ensure local coordination of programs.

Conclusion

The Department of Labor and Industry, Department of Public Health and Human Services, and local communities have taken measures to ensure the WoRC program is included in the employment and training system and that coordination occurs with WIA employment and training programs.

Management Memorandum

During the audit we identified an issue that was not addressed with an audit recommendation, but still warrants management attention. An assessment must be conducted on all participants who want to receive either WIA or WoRC services. Assessments are used to determine a participant’s skills and abilities, deficiencies, and prior work experience. They also help determine family circumstances, employment, educational, childcare and other supportive service

Chapter II - The Employment and Training System

needs. WIA program policies allow assessments conducted by other programs to be used rather than requiring participants to undergo duplicative assessments. Despite this, we still noted clients were generally required to go through the assessment process for both programs when referred from one program to another. In addition, we also noted duplication between community-level service providers.

State and federal laws require an individual's information remain confidential to protect their privacy. In order to share information with other providers, policies for both programs require participants to sign a release of information form authorizing case managers to share assessment information with other programs. We noted case managers were not always asking participants if assessment information could be shared with other programs and this was the main cause for much of the duplication. In order to reduce duplicative assessments, DPHHS and DLI management needs to direct case managers to ask clients if they want information shared with other programs and give them an opportunity to sign the release of information form.

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

Introduction

Senate Bill 469 (Chapter 343) was passed by the 2001 Legislature in an effort to improve coordination and service delivery of employment and training programs administered by the Department of Public Health and Human Services (DPHHS) and the Department of Labor and Industry (DLI). This legislation also authorizes the governor to transfer (by executive order) DPHHS programs to the DLI in order to improve program services. Our audit scope included an evaluation of the need and feasibility to transfer administration of the WoRC program to DLI.

We determined three conditions needed to exist for it to be feasible to transfer the program. These conditions included:

- ▶ Significant problems in coordination between WoRC and other employment and training programs, which would indicate a need for better communication and cooperation.
- ▶ High numbers of referrals between the WoRC and other employment and training (i.e. WIA) programs that would indicate necessary services are at DLI.
- ▶ Program mission and objectives that do not relate to the department's, which would be an indication the WoRC program is not currently administered by the appropriate agency.

This chapter presents information related to whether conditions exist indicating the WoRC program should be transferred to DLI. To review this area, we evaluated the services provided for both WIA and WoRC programs. This included evaluating how often participants are referred between programs, assessing the outcomes of services provided to participants, evaluating case management procedures, and comparing DLI and DPHHS approaches in providing employment and training services to participants.

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

Coordination Between Programs is Good but Referrals Between Programs are Limited

One justification for transferring the WoRC program would be problems in coordinating client services between programs. WIA reformed the structure of the employment and training system and mandated certain federally-funded employment and training programs be part of the system. The WoRC program was not mandated to be part of the reformed employment and training system. However, as concluded in Chapter II, Montana established several measures to ensure the WoRC program was included in the employment and training system. The departments have ensured the WoRC program is coordinated with WIA employment and training programs at DLI.

Another indication the WoRC program should be transferred would be a high number of referrals of WoRC participants to DLI training programs. The main reason WoRC participants would be referred to other programs is to provide more complex training to further prepare them for employment. To evaluate this, we reviewed the number of referrals that occur between the WoRC and WIA programs. We reviewed 25 WoRC case files in five different communities to determine how often WoRC participants are referred to WIA employment and training programs. Our review found the number of referrals between programs is limited. For the 25 case files reviewed only three (twelve percent) WoRC cases were referred to WIA programs. According to WoRC and WIA service providers, the reason for the limited number of referrals is because WoRC clients often drop out of the program or need to address other issues, such as chemical dependency, before they are ready for more complex training available through other programs.

Is the WoRC Program Administered by the Appropriate Agency?

In Chapter II, we concluded the WoRC program is a social service program with an employment and training component. This is because services provided by the program are often of a social service nature such as addressing chemical dependency and mental health issues and family problems. These types of services are “philosophically” different than services provided by DLI employment and training programs. For example, DLI programs

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

generally emphasize meeting employer's needs, finding employers the best candidates for employment, and developing a career path for participants and finding jobs that pay a livable wage (as defined by federal standards). In contrast, the WoRC program generally emphasizes finding participants any job (not necessarily a career) to get them off the Temporary Assistance for Needy Families Program because benefits are time-limited.

These philosophical differences with the programs impact how employment and training cases are managed. Case management requirements, in turn, dictate which agency is best suited to administer the WoRC program. We reviewed cases files for both WoRC and WIA programs to determine if this philosophical difference impacts how cases for each program are managed and how it influences the outcomes of services provided. The following sections discuss our findings for this area.

How Do WIA and WoRC Service Outcomes Compare?

There are several different outcomes that can result from services provided by the WIA and WoRC programs. For example, participants could obtain employment, start a business, or further their education. Services could also end less positively with participants dropping out or not obtaining employment. We reviewed 50 case files for the WIA and WoRC programs (25 from each program) and noted differences in the outcomes of the services provided by each program. Audit work suggested services provided to WIA Adult and Dislocated Worker program clients generally ended in a more positive fashion than services provided to WoRC clients. The following table summarizes the outcomes for case files reviewed for each program.

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

Table 1
WIA and WoRC Employment & Training Services Outcomes
January through March 2002
(Based on LAD Sample Only)

WIA Program

<u>Outcome</u>	<u>Percentage of Clients</u>
Job/self-employment	20%
Degree/certificate	12%
Degree/certificate & employment	48%
No employment/dropped program	20%

WoRC Program

<u>Outcome</u>	<u>Percentage of Clients</u>
Closed/sanctioned (no employment)	60%
Employment	20%
Referred to WIA	12%
Referred to other on-going services (SSI, CD treatment, etc)	8%

Source: Compiled by the Legislative Audit Division from WIA & WoRC case files reviews.

As shown in Table 1, WIA services for 20 of 25 case files reviewed (80 percent) ended in employment, additional education or certificate, or both. For the five case files (20 percent) that did not have a documented outcome, two dropped out of the program, two moved out-of-state, and one took a job prior to receiving services. In contrast, only eight WoRC case files (32 percent) ended in a positive manner, such as employment or referrals to the WIA program for additional training services. Fifteen WoRC cases (60 percent) were closed and/or sanctioned because clients did not comply with WoRC requirements, were incarcerated and could not complete the program, or they disappeared and case managers were unable to find them. Participants from the remaining two WoRC cases reviewed (8 percent) were either referred to other government programs or treatment for other problems, such as chemical dependency.

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

WIA Clients are Generally More Employable Prior to Obtaining Services

Interviews with WIA and WoRC providers determined much of the reason for these differences in outcomes is because WIA clients are generally more employable prior to entering the program. Both file reviews and interviews with providers noted most WIA participants have at least a high school education and fairly extensive work histories prior to receiving program services. According to case managers, this generally makes it easier to find WIA participants a job. If training services are needed, providers indicated often all participants' need to become re-employed is a minor upgrade in their skills.

In comparison, our file reviews noted WoRC participants often do not have a high school diploma and have little or no marketable work experience. Additionally, WoRC clients often have other employment barriers that affect their employability and their ability to succeed in the program. Examples of barriers identified included chemical dependency problems, mental health illnesses, family problems, and criminal records.

WIA and WoRC Cases Are Actively Managed

Case file documentation indicated case managers for both WIA and WoRC programs were actively managing cases in an effort to improve the client's prospects for employment. In general, WoRC case managers generally had more challenges managing their cases than WIA case managers. File reviews indicated WoRC clients often did not show for weekly meetings, disappeared without notifying the case manager, or did not comply with other program requirements. These circumstances were much less prevalent in the WIA files reviewed.

Based on our file reviews and interviews with service providers, we found if clients in either program were not successful in obtaining employment, it was generally due to a client's lack of interest and not because case managers do not actively manage cases or coordinate needed services. Examples of active case management documentation identified in both WIA and WoRC case files included:

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

- ▶ Referrals to local service providers were completed in a timely manner (generally within one to three days).
- ▶ Various levels/types of assessments and formal testing to determine basic skills, work experience, and appropriate services/referrals are conducted for every client. Assessments helped case managers identify barriers to employment such as a client's family situation, education, attitudes towards work, and financial resources and needs.
- ▶ Employment plans were developed that identified a client's employment goals and the steps to be taken to meet those goals.
- ▶ Case notes documented regular meetings and phone calls between case managers and participants to discuss progress and additional services needed. Meetings were also used to update or change employment plans.
- ▶ There was regular written and verbal contact among service providers to discuss how clients were progressing. Case managers also required client's to provide documentation to verify they were attending services and how they were progressing. For example, if clients were attending school we found case managers obtained attendance sheets and transcripts.
- ▶ Case managers generally followed up with their clients for approximately six-months after services ended to assure appropriate transition and provide additional support services if necessary.

Summary: WoRC Should Remain at DPHHS

One of our audit objectives was to evaluate the need and feasibility for transferring the WoRC program from DPHHS to DLI. We concluded Montana established several measures to ensure WoRC is part of the state's employment and training system. Our audit work also did not find significant numbers of referrals of WoRC participants to WIA programs for additional training services. Much of this was due to WoRC participants either dropping out of the program or having significant employment barriers that required counseling-related services before other referrals could be made. When referrals were made, however, we found coordination between the WoRC program and other employment and training programs was good. Furthermore, the WoRC program has a large social

Chapter III - Feasibility of Integrating WoRC into the Department of Labor and Industry

service emphasis which makes it a better fit within DPHHS than within DLI.

When the 2001 Legislature passed SB 469, it authorized the governor to transfer, by executive order, DPHHS employment and training programs to DLI if coordination between their employment and training programs needed improvement. Since our audit work found a system is in place to ensure coordination and the system is working, there is no reason for the WoRC program to be transferred to DLI.

Recommendation #1

We recommend the Governor keep administration of the WoRC program within the Department of Public Health and Human Services and not transfer the program, by executive order, to the Department of Labor and Industry.

Appendix A - Audit Approach

Audit Scope and Methodology

To gain an understanding of Montana's employment and training system, we interviewed officials from DLI and DPHHS, the Montana Job Training Partnership (MJTP) Inc., Office of Public Assistance, and local employment and training service providers. We examined federal and state laws and regulations for employment and training programs to determine requirements related to coordination of services. We reviewed department goals and objectives related to employment and training programs, business plans established by local Community Management Teams (CMT) related to service delivery procedures, and the five-year state workforce investment plan developed by the Montana Workforce Investment Board. We also reviewed WIA and WoRC contracts, DPHHS guidelines for WoRC contractor operations, and policies and procedures for delivering WIA services. We also attended a meeting of the WIA Consortium Partners to observe coordination between management of DLI, DPHHS, and MJTP. We conducted preliminary file reviews and interviews to develop an understanding of how employment and training services are provided to individuals and coordinated between service providers.

We examined performance audit reports issued by the Legislative Audit Division (LAD) related to employment and training. Reports reviewed included Monitoring of Montana Job Training Programs (86P-39), Community Services Block Grant Program (00P-16), the Food Stamp Employment and Training Program (01P-09), and two LAD special projects (issued in fiscal years 1994-95 and 1995-96) that evaluated MJTP contract monitoring procedures. We also reviewed audit reports of employment and training programs completed by other states and the federal General Accounting Office.

This preliminary audit work helped us develop an understanding of the employment and training system, determine DLI and DPHHS' role in the system, and establish our audit scope and objectives.

File Reviews and Follow-Up Interviews

After completing planning work, we determined the main focus of our fieldwork should be directed at in-depth file reviews for

Appendix A - Audit Approach

individuals who used WIA and WoRC services. In order to review coordination of employment and training programs, we concentrated on the Adult and Dislocated Worker Programs because coordination of employment and training services often begins with these programs. The period of review was January through March 2002 because it contained the most completed information at the time of the audit.

We visited WIA and WoRC service providers and sites in Billings, Butte, Great Falls, Helena, and Missoula and reviewed a total of 50 randomly selected files (25 for each program). We also interviewed WIA and WoRC officials in more rural communities including Glasgow, Libby, and Wolf Point. The file reviews concentrated on documentation related to coordination of services including case notes, assessment activities, service referral forms, and correspondence between service providers. The file reviews allowed us to evaluate how well services were coordinated between clients, case managers, and service providers. The reviews also provided an indication if there was any duplication of services or potential for integrating WoRC and WIA within one agency.

Upon completion of file reviews, we conducted follow-up interviews with WoRC and WIA case managers and officials from DLI, DPHHS, and MJTP. We also interviewed members of local CMTs to gather input and suggestions regarding potential improvements in the process.

Criteria

We obtained criteria for this audit from several different sources. Criteria used to evaluate the effectiveness of coordination of employment and training activities included:

- ▶ Federal and state laws pertaining to coordination requirements of the WoRC and WIA programs.
- ▶ Business plans developed by local CMTs outlining the service delivery structure for their communities.

Appendix A - Audit Approach

- ▶ An Interagency Agreement between DLI and DPHHS encouraging coordination of their employment and training activities that was signed in June 2002.
- ▶ Information obtained from the state and local Workforce Investment Boards, including the Strategic Five-Year Workforce Investment Plan.
- ▶ Policy and procedures for the WoRC and WIA programs.
- ▶ Contracts between DPHHS and WoRC service providers.
- ▶ Contracts between MJTP and WIA service providers.

Appendix B - Issues for Further Study

Potential Issues for Further Study

During the audit, we identified two issues outside the scope of our audit with potential for further study. Both issues are discussed in the following sections.

Workforce Training Grant Program

WIA authorizes state governors to use up to 15 percent of a state's Title I-B WIA funding as "discretionary funds" to create additional state-level employment and training programs. Most of Montana's discretionary funds have been used to create a Work Force Training Grant Program administered by the Department of Commerce. The Governor has allocated the department approximately \$1.3 million to fund customized employee training for new and expanding businesses. The goal is to provide employers with employees who have the necessary job skills and provide better paying jobs for workers. Eligible business applicants must meet one or more of six established criteria to qualify for grants. The program funds up to \$5,000 per full-time equivalent position being trained that is paid a minimum of \$12.99 per hour in salary and benefits. If paying lower than \$12.99 per hour, businesses must provide information to the department signifying why a lower wage is appropriate.

A performance audit could evaluate whether this program has been an effective use of WIA discretionary funding. This could be accomplished by reviewing the extent of program activity and if grants awarded meet program requirements. Audit work could also evaluate the department's process for verifying program outcomes, accuracy of outcome data reported, and how many jobs meet, or are below the \$12.99 standard.

Impact of TANF Recipients Reaching Lifetime Benefits

When federal welfare reform passed in 1996, it placed limitations on how long individuals could receive public assistance. TANF recipients are limited to 60 months of lifetime benefits, which also limits the amount of employment-related training they can receive through the WoRC program. Consequently, it is important for TANF participants to become self-sufficient to either end their dependence on public assistance or maintain eligibility for future TANF benefits (including services through the WoRC program).

Appendix B - Issues for Further Study

Based on information obtained from DPHHS, the number of TANF participants that have reached their lifetime TANF benefits or are nearing the end of their benefits is increasing. In April 2003, 73 TANF cases were closed because participants used their 60 months of benefits. In August 2003, the number of cases closed because TANF participants exhausted their benefits increased to 91. In addition, the number of TANF participants who are within 12 months of exhausting their benefits has increased from 325 to 372.

DPHHS officials expect the number of participants who exhaust their benefits to continue to increase. With the number of TANF participants exhausting their lifetime benefits continuing to rise, there could be decreased opportunities for the low-income individuals and families to obtain training they need to become employed and self-sufficient. A performance audit could evaluate the impact of individuals no longer being eligible to receive TANF benefits. This could include impacts to other state and local benefit programs.

Department Responses

OFFICE OF THE GOVERNOR

STATE OF MONTANA



JUDY MARTZ
GOVERNOR

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LEGISLATIVE AUDIT DIV.

STATE CAPITOL
PO BOX 200801
HELENA, MONTANA 59620-0801

November 14, 2003

Joe Murray
Senior Performance Auditor
Legislative Audit Division
Room 160, State Capitol
P.O. Box 201705
Helena, MT 59620-1705

Dear Mr. Murray:

The following is the Governor's Office response to Recommendation #1 in the Performance Audit Report on the Examination of Coordination and Potential Consolidation of WIA and TANF Employment and Training Programs.

Recommendation #1 – We recommend the Governor keep administration of the WoRC program within Department of Public Health and Human Services and not transfer the program, by executive order, to the Department of Labor and Industry.

Agency Response: We concur. The Governor will not issue an executive order to transfer the WoRC program from the Department of Public Health and Human Services.

Sincerely,

A handwritten signature in black ink, appearing to read "Barbara Ranf", written over a horizontal line.

BARBARA RANF
Chief of Staff



Governor Judy Martz

Montana

Department of Labor and Industry

Workforce Services Division

RECEIVED

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LEGISLATIVE AUDIT DIV.

November 17, 2003

Jim Pellegrini
Deputy Legislative Auditor
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705

Re: WIA/TANF Performance Audit

Dear Mr. Pellegrini:

We have received and reviewed the final report on the audit of the Examination of Coordination and Potential Consolidation of WIA and TANF Employment and Training Programs. The Department of Labor and Industry concurs with the findings of this report.

To address the suggestion of a common assessment being conducted on all WIA or WoRC participants: It is our intent to have those service providers who use the TABE assessment tool receive standardized training on the TABE. We are working with Adult Education to provide statewide training for service providers (WIA, WoRC Adult Education) by June 30, 2005.

In addition, we intend to encourage participants to complete written release of information forms that will allow partner agencies and programs to share confidential assessment information regarding the participant to assist in providing services and reduce duplication of effort.

Thank you for the opportunity to respond to the audit findings. If you require further information, please call me at (406) 444-4100

Sincerely,

Ingrid Childress, Administrator
Workforce Services Division

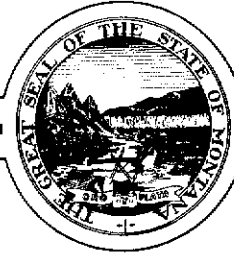
Page C-5

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DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



JUDY MARTZ
GOVERNOR

GAIL GRAY, Ed.D.
DIRECTOR

STATE OF MONTANA

PHONE: (406) 444-1788
FAX: (406) 444-2547

HUMAN AND COMMUNITY SERVICES DIVISION
PO Box 202952
Helena, MT 59620-2952

November 13, 2003

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LEGISLATIVE AUDIT DIV.

Mr. Jim Pellegrini
Deputy Legislative Auditor
Room 160 – State Capitol
P. O. Box 201705
Helena, MT 59620-1705

SUBJECT: WIA/TANF Performance Audit

Dear Mr. Pellegrini:

We have received and reviewed the final report on the audit of the Examination of Coordination and Potential Consolidation of WIA and TANF Employment and Training Programs. The Department of Public Health and Human Services concurs with the findings of this report.

The Department, and specifically our WoRC Program managers, will be working with our other workforce system partners to develop assessment protocols. Our goal will be to achieve the best assessments possible with as little duplication or difficulty for our clients.

Thank you for your hard work on this audit and the opportunity to respond.

Sincerely,

A handwritten signature in cursive script that reads "Gail Gray".

Gail Gray, Ed.D.
Director